**PF30 – Unit 2  
Economic**

**Economics-** The study of the allocation of scarce resources (limited resources, unlimited wants)

**Resources** – things that can be used to produce something else (useful products or services)

* *Land* – natural resources used to produce goods and services such as minerals, animals, vegetation, water, forest
* *Labour* – physical and mental efforts of people used to produce goods and services such as population, skills, education, training
* *Capital* - human-made resources such as machinery, buildings, and equipment

Resources are SCARCE. The Quantity available isn’t large enough to satisfy all productive uses. Examples of scarce resources are: time, money, fresh water, intelligence, diamonds, oil, etc.

**Scarcity**

We don’t have enough resources to satisfy all of our wants or needs

* Scarcity forces us to choose among options
* Choice involves a trade-off
  + In order to get something, we need to not do or buy something else
* We can make choices based on the pros and cons of the choice
* Incentives can be a reward or a penalty that help us to make the choice